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METHODOLOGICAL INDIVIDUALISM FOR THE  
TWENTY-FIRST CENTURY? THE NEOLIBERAL ACCULTURATION AND  
REMORALISATION OF THE POOR IN AOTEAROA NEW ZEALAND

Eileen Oak

ABSTRACT

*This article examines the enduring influence of the principle of methodological individualism in New Zealand society, following thirty years of neoliberal economic policies. It contextualises this examination within the global financial crisis of 2008-2011 and the debate as to whether this crisis signalled the start of a post-neoliberal epoch. Drawing upon welfare reforms over the past sixteen years, it argues that, within New Zealand, neoliberalism has become more entrenched than ever, manifest in the persistent remoralisation of those defined as poor and through the ways in which the principle of methodological individualism is frequently invoked as a solution to the challenges presented by neoliberal welfare entrenchment. Though it acknowledges neoliberalism as a contested political project, this article supports the view that continuities in successive National and Labour government welfare reforms in housing, child welfare, and social security have embedded a neoliberal culture of disparagement for those deemed unsuitable or unable to participate in the market.*

**Keywords:** Aotearoa New Zealand, neoliberalism, methodological individualism, poverty, underclass discourse, culture, governance, welfare.

INTRODUCTION: THE NEOLIBERALISATION OF NEW ZEALAND

Over the past thirty years, Western society has witnessed a ‘roller-coaster ride’ in the fortunes of neoliberalism as both an economic and socio-political phenomenon. Though its global progress has always been contested and uneven (Hall 2011; Lerner 2000), the success of neoliberalism was cemented by the popularity of Reaganism in the US, Thatcherism in the UK, Kohlerism in West Germany, and Lange in New Zealand in the 1980s, which revived the fortunes of classical economics as the dominant economic paradigm adopted by many

Western governments. This continued into the 1990s and 2000s as many left-of-centre governments adopted neoliberal policies, often under the guise of the ‘Third Way’ political philosophy (Duncan 2007; Roper 2008). The influence of neoliberalism then extended into wider society as neoliberal ideas began to permeate large areas of the ‘social’ (Parton 1998).

The term ‘neoliberalisation’ can be understood as a cultural process in which individuals, organisations, and institutions are educated in, and encouraged to adopt, the principle of methodological individualism, the value of market primacy, the need for the privatisation of state services, and the introduction of managerialism into organisations, in order to inculcate neoliberal values of self-determination and self-reliance in the maintenance of welfare and well-being. The principle of methodological individualism requires defining because it is a central tenet of neoliberalism and evolved from the classic liberal tradition of the eighteenth century (Udehn 2002).

Methodological individualism is the idea that institutions are only really the product of the activities and interactions of individuals based on legal or contractual obligations and conducted in a methodical way (Oak 2009, 34). Lars Udehn (2002) distinguishes between different types of methodological individualism (MI) on the basis of strength. Weak versions of MI acknowledge the capacity of social structures or institutions to constrain human agency. Strong versions of MI suggest that all social phenomena can be explained only in terms of individual action: society is simply constituted by the rational actions and interactions of purposeful human agents engaged in business transactions. This principle of methodological individualism underpins neoliberal ideas about laissez-faire economics and non-state intervention in the economy. Hence, individuals are encouraged to take responsibility for their own welfare through working, as neoliberals believe that they will be more economically successful and independent unencumbered by state interference. Strong forms of MI have been a consistent feature of both Labour and National welfare policies in New Zealand over the past thirty years (Roper 2008).

The extent to which neoliberal market-driven social reforms have infiltrated into culture at a broad-based level is at issue. Because neoliberalism is such a dynamic and contested term, it is difficult to define ‘neoliberal culture’ beyond a set of general values and principles. Moreover, like neoliberalism, ‘culture’ is also a contested term, though however it is conceptualised, it is increasingly acknowledged that it is a fluid, dynamic, and nuanced process (Bennett 2007; Nairn *et al.* 2012). Several writers (Bennett 2007; Williams 1958) examine culture as a series of social and historical processes in order to identify the

power dynamics within and between societies. Raymond Williams considers how concepts of culture changed in the late eighteenth and early nineteenth centuries due to the impact of industrialisation in Europe, which resulted in a shift in public perceptions of social, political, and economic institutions, and culture became increasingly linked with a sense of national identity. Thus, by the end of the nineteenth century, the term 'culture' came to mean 'a whole way of life, material, intellectual and spiritual' (Williams 1983, 13). In suggesting that culture is a way of life, Williams identifies the fact that it involves a process of shared meaning between members of a group or society, and he uses the term 'ordinary' to refer to culture as a resource of such shared meaning which all society's members can access and develop. He is at pains to emphasise this dimension of culture in order to challenge bourgeois or middle-class attempts to appropriate culture and redefine it in their own class terms, as reflected in concepts like 'high culture' as differentiated from 'mass culture' (Williams 1989).

A more contemporary exploration of culture is rendered by Tony Bennett, who tries to explain how culture is produced and maintained through what he terms the 'assemblage of materially heterogeneous elements' (2007, 610). He defines culture as 'all kinds of bits and pieces, that are fashioned into durable networks whose interactions produce culture as specific kinds of public organisation of people and things as readily perceptible' (613). Adopting Bennett's definition of culture as an assemblage of things is useful because it provides a conceptual framework to examine how neoliberal ideology and discourses are used to underpin and legitimate various durable networks which re-educate people into accepting a new role with the state. Rather than being the main provider of welfare, the state is now a partner with citizens in making provision for their welfare needs. In this respect, it is argued that neoliberalism has had a considerable influence on New Zealand society as neoliberal values and principles of methodological individualism, self-reliance, and self-responsibility began to permeate large sections of people's lives. From the encroachment into the family manifest in neoliberal governments' exhortations not to depend upon the state but to make provision for family welfare by working in paid sectors, to increased incentives to insure against risk, to the spread of managerialism in the sites of health, education, welfare, and social services, it can be seen that neoliberalism has taken hold (Roper 2008). Moreover, over the past thirty years the principle of methodological individualism has consistently been invoked by successive neoliberal governments to encourage New Zealanders to take responsibility for dealing with the poverty and inequality generated by neoliberal welfare reforms.

## NEOLIBERALISM AND POVERTY IN NEW ZEALAND

Max Rashbrooke (2014) asserts that there is a direct link between the neoliberal restructuring of New Zealand welfare in the social policies of Labour and National governments in the 1980s and 1990s and increased income disparities. Beginning with what is termed the ‘New Zealand Experiment’ in 1984, manifest in the deregulation of the economy, the elimination of tariffs and trade restrictions, the sale of state assets, the weakening of the collective bargaining power of the trade unions, and the privatisation of many welfare services, he contends that these reforms coincided with increased income disparities between rich and poor New Zealanders: ‘The strong correlation between the structural reforms and this “great divergence” bears careful examination. For some economists there is a “prima facie” case for connecting the reforms with widening income inequality’ (Rashbrooke 2014, 29). He notes that the gap between rich and poor has widened faster in New Zealand than in any developed country since measures of income disparity were taken in the 1980s. The country’s top 1% of earners own 16% of the nation’s wealth, with the bottom 50% of low wage earners owning just 5%. In addition, 75% of the lowest-income households have at least \$20,000 worth of debt. Rashbrooke (2013) provides empirical evidence against neoliberal arguments for social mobility, illustrating the fact that 45% of New Zealanders living in poverty are still there some seven years later. He highlights the ways in which income disparities are linked to poverty in New Zealand, by defining poor people as those living on less than 60% of the average household income. He estimates that 790,000 New Zealanders were living in poverty in 2013 (Rashbrooke 2013).

Though poverty is only one measure of hardship, it is significant because there is an abundance of evidence linking poverty to the increased likelihood of experiencing material hardship and negative outcomes in the form of reduced life chances. For example, poor New Zealanders are twice as likely to experience hospital admissions for infectious diseases than non-poor (Baker *et al.* 2012); they are more likely to experience fuel poverty (Lawson *et al.* 2015), and are more likely to experience severe material hardship. This is defined by Perry (2009) as the inability to afford to participate in social events (like weddings, birthday parties, or funerals) due to a lack of resources; the inability to afford a good bed, to heat two main rooms adequately, to purchase fresh fruit and vegetables regularly, to replace worn-out shoes, to purchase sufficient meat for the household’s needs, to afford suitable clothes for important social occasions, to maintain doctors’ appointments, or to purchase prescriptions. Using these measures it is estimated that 11% of New Zealanders experienced severe hardship in 2008 (Perry 2009).

Given the serious impact poverty has on well-being, Rashbrooke's (2014) assertion about the correlation between neoliberal restructuring and income disparities requires serious examination. In order to conduct such an examination, it is necessary to ascertain to what extent neoliberal welfare restructuring is occurring.

#### A POST-NEOLIBERAL ERA?

Notwithstanding the pervasive nature of neoliberalism, it seems its 'roller-coaster' ride reached a climax in the global economic crisis of 2008–2011, resulting in a 'tidal wave' of socio-political unrest that has not been witnessed since the Wall Street Crash of 1929 and the Great Depression of 1932–1935 (Harman 2009). This crisis has compelled purportedly right-of-centre governments to use vast sums of public money to bail out large financial institutions and major banks. In Latin America, the global financial crisis has culminated in the election of a series of socialist governments and the rejection of the austerity programmes of the International Monetary Fund and World Bank. All these developments have seriously undermined the hegemony of neoliberalism, with some arguing that this crisis has resulted in a post-neoliberal era (Ceceña 2009; Blond 2010; Riggirozzi, 2010).

In contrast, John Clarke (2010) is sceptical that a post-neoliberal epoch has occurred, and he uses the term 'statism' to refer to the agency of nation states to respond individually to international fluctuations in the global economy. He stresses that the responses to the global financial crisis have been nation-state specific and have been articulated in terms of national industries, national job losses, threats to national economic prosperity via foreign competition, and buyouts of home-grown industries (Clarke 2010). Within New Zealand, the response to this crisis has been articulated in terms of welfare cuts and retrenchment. Louise Humpage (2014) draws upon Peck and Ticknell's (2002) model of three phases of neoliberalism: roll-back, roll-out, and roll-over. The roll-back phase is where policies are introduced to curtail the Keynesian welfare state. The roll-out of the second stage of neoliberal reforms takes the form of the entrenchment of neoliberal policies, while phase three is the roll-over or capitulation of civil society through the acculturation of the electorate to neoliberal restructuring. This acculturation process is legitimated by what Humpage refers to as the 'there is no alternative' discourse through which neoliberal economic and welfare policies are portrayed as the only viable option for New Zealanders.

NEOLIBERAL ACCULTURATION VIA THE CREATION OF WELFARE SUBJECTIVITIES

David Sam and John Berry refer to acculturation as ‘the process of cultural and psychological change that results following meeting between cultures’ (2010, 421). Though this term usually refers to meetings between nations and ethnic groups, it can also be applied to all different types of cultures. When I refer to neoliberal acculturation, I am suggesting that thirty years of neoliberal reforms following thirty-five years of social democratic welfare have resulted in social and psychological changes in public attitudes to welfare. This acculturation process is manifest in the increasing acceptance and adoption of the principle of methodological individualism and the inculcation of the values of self-reliance and self-responsibility for welfare.

Bennett’s (2007) concept of culture as assemblage enables an analysis of the ways in which neoliberalism assembles ideas, social processes, networks, and actors to generate a programme to facilitate the roll-out of neoliberal welfare reforms. Neoliberalism seeks to ‘appropriate the ordinary’ to structure the ‘public organisation of people and things’ around the interests of capital. In particular, New Zealand governments and corporate interests have successfully generated public perceptions that welfare organisation under managerialism is a rational, efficient, and purely technical affair. From the presentation of managerialism as technical (as opposed to discursive) knowledge used to generate more efficient services, to the shift in the status of New Zealanders from citizens with welfare rights to welfare subjects with obligations, neoliberalism has secured a strong degree of consensus for these ideas and values.

However, achieving consensus is not a straightforward process but rather requires the ability to accommodate and incorporate competing ideologies and political projects. Wendy Larner, for example, challenges what she terms the ‘programmatic coherence of neoliberalism’ to suggest that even at its height, manifest in the structural adjustment programmes that constituted the New Zealand Experiment, neoliberalism was never a well-structured, clearly articulated, and unified political project (2000, 12). This was due to the fact that different articulations of neoliberalism within New Zealand politics were produced as a result of alliances, conflicts, and compromises between neoliberal and conservative elements, as well as traditional social democratic parties shifting to the right of centre in their policy development in order to get elected (see Kelsey 1999; Lunt *et al.* 2008).

Nonetheless, Larner (2000) demonstrates that neoliberal governments have

been successful in making such accommodations to oppositional groups by replacing control by the state with control by market governance. She illustrates the ways in which neoliberal governance forms have been able to reconstruct new welfare subjects:

The subjectivities of New Zealanders have become more clearly aligned with the individualistic assumptions that underpin neoliberalism and . . . economic identities have come to be posited as the new basis for political life, usurping those associated with social citizenship. (Larner 2000, 19).

Moreover, neoliberal governance mechanisms have assembled new forms of partnership arrangements to reinforce the construction of these welfare subjects. Community development activists, who had spent twenty-five years pursuing social justice projects, found their political initiatives neutered by the professionalisation of their roles into strategic partnerships. This neutering of political opposition has been achieved in two stages. First, local community activists – historically, mainly working in the voluntary sector and opposed to neoliberal cutbacks and welfare retrenchment – were compelled into the roles of ‘Strategic Brokers’ or ‘Partnership Managers’ responsible for developing community resources, requiring formal training and qualifications. Second, their ad hoc networks became formalised into strategic partnerships through the requirement to work with central and local government agencies, which were introduced from the late 1990s by Labour-led governments.

In constructing these new welfare subjects, neoliberal culture assembles two oppositional discourses: one discourse is that of the ‘good’ self-reliant welfare subject who recognises their social obligations by aspiring towards market participation; and the other discourse constitutes the unemployed as ‘feckless’ individuals steeped in the culture of ‘welfare dependency’ (Roper 2008), part of the group commonly defined as poor. Here ‘culture’ is represented as a series of behavioural traits, and these traits are regarded as inappropriate. In this context, the concept of *habitus* (Bourdieu 1977) – which can be defined as habits, norms of behaviour, attitudes, values and expectations which result in self-identity, and are acquired by individuals through membership of a particular social group – is inverted when applied to those defined as the underclass, and is used to amplify what they are perceived to lack in terms of the ‘right’ types of cultural capital. It is the behaviour traits of the underclass that are seen, by neoliberal politicians, to be the cause of their problems. They have relied so long on state benefits that they are unwilling and/or unable to work and so have become dependent on welfare. Reference to the ‘right’ types



of cultural capital reflects middle-class assumptions as to which qualities are required for social inclusion and represents neoliberalism's considerable success in appropriating certain concepts of culture.

Though it appears that neoliberal governance has had considerable success in the creation of welfare subjects, progress has been uneven because, like neoliberal hegemony, neoliberal acculturation is an uneven process. Surveys that have attempted to measure the extent and depth of market-oriented attitudes provide evidence of a significant, though not all-encompassing, shift towards neoliberal values over the past thirty years. For instance, research by Nairn *et al.* (2012) identified the contradictory and nuanced ways young people responded to or inculcated the neoliberal principle of methodological individualism. These young people were all born in the mid-1980s, so the researchers referred to them as 'children of Rogernomics.' Though many of these research respondents subscribed to the neoliberal discourses underpinning the notion of successful transition, defined as leaving school with university entrance qualifications leading to a degree, which in turn leads to a well-paid job, their adoption of neoliberal culture was nuanced and depended upon other factors such as ethnicity and spirituality. For example, Māori respondents' adoption of the individualised, successful transition discourse was interspersed with indigenous values and motives about enhancing mana to the whānau. Spirituality was also a key factor in the fluid way neoliberal values were produced in these contexts, particularly for Samoan respondents who interpreted this concept in terms of religious affiliation to church, community, and family, leading the researchers to conclude:

In each case spirituality, however interpreted, worked as a resource for thinking about and acting on, ways of belonging or not belonging with communities, families and peer relationships. . . . In offering these perspectives, these young people provide an interesting contrast to the model neoliberal subject who acts as autonomous individual located in the materiality of the consumer world. (Nairn *et al.* 2012, 79).

Similarly, Humpage's work (2010; 2014) examines the impact of thirty years of neoliberal reforms in New Zealand and considers how these have affected public attitudes to social citizenship. She suggests that the concept of 'social citizenship' embodies all the rights characteristic of the Keynesian welfare state, such as government responsibility for and intervention in supply-side economics to generate full employment; universal, state-funded health care, social security, and education (including tertiary education); and state pensions and

national insurance schemes. She observes that there has been a hardening of public attitudes towards the unemployed, though this trend is far weaker in relation to issues of state-funded healthcare and education, while attitudes towards neoliberal economic policies are mixed. With regard to public attitudes towards the unemployed, these are somewhat nuanced. For example, in her research over 80% of respondents supported work-related conditions for benefit recipients, but advocated training and education as incentives, not coercion and benefit sanctions. Most (88%) were opposed to Work-First conditions or benefit sanctions being imposed upon chronically sick or disabled benefit recipients, whom research participants considered 'the most deserving groups in society' (Humpage 2010, 5). This research was extended over a four-year period and drew on a vast array of data comparing public opinion trends in New Zealand, the UK, and Australia over the past thirty years. Humpage concludes that 'neoliberalism has had a significant, but *incomplete and shifting*, impact on public attitudes towards the unemployed, health care, education, pensions, tax and redistribution in New Zealand' (2014, 4).

Such empirical research highlights the complex ways the public perceives and responds to welfare policies. Nonetheless, one persistent feature seems to be the popularity of a neoliberal discourse which maintains that the public has clear ideas as to which groups constitute the deserving and undeserving poor. This remoralisation is particularly evident in the areas of housing, child welfare, and social security.

#### REMORALISATION OF THE POOR

The neoliberalisation of the housing system has led to two forms of social exclusion of the poor: firstly, through the ways housing policy mitigates against affordable housing and, secondly, through the ways increasing numbers of homeless people are excluded from public space (Laurenson and Collins 2006). Thorns (2006) examines the neoliberalisation of housing policy in the 1990s and observes that this was part of the wider neoliberalisation of the welfare state. The 1992 Housing Restructuring Act abolished low interest loans to local councils for housing benefits to assist low-income households as well as the home ownership savings scheme. It resulted in the marketisation of the housing system through the raising of rents for state housing on parity with rents in the private sector. Thus, poverty was amplified as the introduction of market rents led to a 50% increase in state housing rents between 1990 and 1999, exceeding both annual inflation rates and the rises in the Accommodation Supplement.

The exclusion of the poor from affordable housing is mirrored in the exclusion of homeless people from public space. Such exclusion is legitimated by neoliberal discourses on homelessness which pathologise the homeless for their inability to find accommodation. Thorns (1989) identifies the ways in which homelessness is socially constructed as a personal failure of thrift and industry. This construction casts homelessness as a private trouble owing to personal failure, which in turn prompts consideration of an ethical dilemma: are homeless people deserving of assistance? This discourse invokes the older Victorian notion of the deserving/undeserving poor (Lewis 2006). Other writers highlight the increasing social control aspect of the state's response to the homeless through their exclusion from public space, and note the punitive dimensions of this approach: 'Such regulations can be said to follow the same prejudicial "logic" that underpinned vagrancy laws, namely, that homelessness, and poverty more generally, is the result of personal failing or choice' (Laurenson and Collins 2006, 185–86). Though they acknowledge that such bylaws coexist with contradictory council policies on homelessness projects aimed at finding homeless people permanent accommodation and access to social and welfare services, they highlight an increased use of bylaws over the past fifteen years, which has often led to the displacement of homeless people from city centres, ironically where many of the welfare services they require are located.

Along with the exclusion of the poor from mainstream society is their invisibility, which is another aspect of neoliberal poverty management. A consistent feature of the National government's response to the issue of child welfare over the past four years, from the processes of the green and white papers on vulnerable children to the Vulnerable Children's Act receiving Royal Assent on 1 July 2014, has been the government's refusal to acknowledge the significance of child poverty in the creation of child vulnerability. The White paper ignored many of the 9,547 submissions to the *Green Paper: Vulnerable Children* (2011) which included repeated exhortations to address child poverty (CPAG 2011), and indeed the *White Paper: Vulnerable Children* (2012) redefined the term 'vulnerable children' to refer only to those children subject to physical or sexual abuse, or family violence. In ignoring poverty and neglect, the White Paper referred to New Zealand's 20,000–30,000 vulnerable children, not the 270,000 living in poverty as suggested by the Children's Commissioner (Children's Commission 2012). In addition, through the introduction of the Crime and Disorder (Amendment No. 3) Act (2011), the government reinforced the neoliberal emphasis on individual responsibility by introducing legislation making parents/carers and welfare professionals responsible for tackling child abuse.

The past sixteen years have witnessed a continuity in neoliberal welfare re-

structuring as successive Labour and National governments have reformed the subjectivity of 'New Zealanders' from social democratic citizens with needs, entitlements, and rights (including universal welfare rights), to welfare subjects with responsibilities and targets of welfare in the form of Work-First social security applicants, thus usurping citizenship identities with economic ones (Duncan 2007; Lunt *et al.* 2008; Roper 2008). This reconstruction from citizens to welfare subjects began with the Labour-led coalition government of 1999, which introduced a series of Work-First measures between 2000 and 2004. Labour's coalition policy programme was heavily influenced by UK Third Way politics, known to some as Labour's version of neoliberalism (Duncan 2007; Kelsey 1999; Roper 2008). This form of Third Way had strong methodological individualist underpinnings in that it gave primacy to the market, supported free trade and fiscal austerity, and promoted supply-side policies, especially to do with employment. Although the Clark governments reversed some aspects of the neoliberal restructuring of the welfare state, key features of the neoliberal social policy reorganisation were maintained (Duncan 2007; Roper 2008).

The new underpinning principle of welfare has thus shifted from a social, passive welfare, which sought to address individual needs for protection from the vagaries of the global market, to an active welfare subject, one who must demonstrate employability or proactive willingness to move towards employability status (Lunt *et al.* 2008). Thus, from 2002 to 2006, the Labour-led government introduced a series of measures to ensure the consolidation of the active welfare recipient. These included reforms to the Widows and Domestic Purpose Benefit (DPB) in 2002 and the introduction of the 'Jobs Jolt' in 2003. The Widows and DPB reforms introduced a personal development and employment plan, while the Jobs Jolt introduced fifteen measures relating to Sickness and Invalid Benefit recipients' work eligibility. The significance of the Work-First emphasis was the extension of the work requirement to all beneficiaries regardless of ability or disability or long-term sickness.

Such reforms can be better understood by reference to the concepts of 'hard' and 'soft' Work-First regimes (Lodemel and Trickery 2001). Hard Work-First regimes can be characterised by the emphasis placed upon work-search behaviours, which are reinforced by sanctions for those who fail to secure work or who do not meet the obligations and requirements placed on social security recipients. Soft Work-First regimes emphasise training, education, and skills to make the recipient more employable. Though sanctions do play a part, the emphasis is still on managing the unemployed. Though New Zealand has always had an expectation, since the Social Security Act of 1938, that beneficiaries should seek employment, there was no individualised action plan like

the one underpinning the Work-First programme. These kinds of sanctions reappeared in 2007 under the auspices of social security legislation (Roper 2008). Thus, since 2002 New Zealand has shifted from a soft Work-First to a hard Work-First regime. This provides further evidence of the durability of neoliberal socio-economics (Roper 2008).

National-led governments have continued Labour's hard Work-First welfare programme. Between 2011 and 2013 the Key government introduced a series of social security measures and amendments to the 1964 Social Security Act, ostensibly aimed at getting people into work as soon as possible and at reducing welfare dependency, but containing a host of measures that had more to do with the management of the poor. The Social Security (New Work Tests, Incentives and Obligations) Act 2010 requires benefit recipients to look actively for jobs (requiring them to keep a diary of all job applications and job interviews attended) and to attend work preparation training administered by WINZ. Similarly, the Social Security Youth Work Focus Amendment Act 2012 again emphasised increasing the 'employability' of young people by replacing wages in the form of cash with credit cards and requiring them to work with contractors provided by the Ministry of Social Development. These measures were accompanied by two Social Security Amendment Acts of 2012 and 2013. Under the 2012 Social Security Amendment Act, recipients of the Young Parent Payment are required to attend education and training programmes and undertake a parenting programme, while the 2013 Social Security Act requires benefit recipients to ensure that any children over three years old attend early childhood education for 15 hours per week and that any child is registered with a general practitioner. Failure to comply with any of these conditions can result in benefit sanction, which can mean a cut or even a loss of full benefit for up to six months.

All these measures are attempts to control what is regarded as the perceived deviant or criminal behaviour of the poor. The stereotyped notions of their demoralised behaviour entails assumptions that, unless such regulation is put in place, the poor will engage in drug or alcohol abuse, benefit fraud, or shiftless behaviour and hence maintain their welfare dependency. Moreover, Donna Wynd (2013) argues that many of these measures sought to foster specific types of behaviour, such as being available for work preparation training (even if a beneficiary has attended the same seminar five times!), being compelled to take up 'suitable' employment, and being liable to have the benefit stopped if recipients have outstanding warrants for arrest for criminal activities or for testing positive for a controlled substance. Wynd argues that through these measures the National government adopted a classic neoliberal approach to

poverty in the form of an ‘unrelenting focus on work or paid employment’ (2013, 2). However, many of these conditions have little to do with making beneficiaries more employable but rather embody a particular set of cultural assumptions and constructions of those defined as poor regarding their behaviour and parenting capabilities. These are all attempts to regulate the perceived lack of moral ‘fibre’ of the poor, in this case benefit recipients. Such assumptions reflect the classic underclass discourse which constructs benefit recipients as feckless, shiftless, conniving, neglectful parents, with a predilection for crime and deviancy (Mooney 2006). Moreover, the individual pathologising of welfare recipients occurs in that their behaviour, not the structural inequalities and challenges they face, is seen as being to blame for their ‘un-employability’.

These legislative changes have resulted in increased material hardship. For instance, Wynd’s (2013) research identifies that 7,708 unemployment beneficiaries had their benefit cancelled between May 2011 and January 2012; however, it was unclear how many of these were cancelled because they moved into work. 19,471 Unemployment Benefit (UB) recipients received a Grade One sanction (of these 9,000 were parents with children), and 7,708 had their benefits cancelled due to work failure (Grade Three sanction).<sup>1</sup> There were 2,977 people on the Domestic Purposes Benefit (DPB) who were sanctioned for failure to meet work obligations, while 16,013 parents with children were sanctioned between October 2011 and November 2012.

The series of legislative measures introduced by the National government was based on the recommendations of the Welfare Working Group (wwg) (2010) which was tasked by the Ministry of Social Development to outline proposals for the reform of the social security system, with an objective of reducing 100,000 beneficiaries over the next ten years. The government endorsed all the key recommendations of the wwg, including those outside its remit. Within its report, neoliberal discourse is evident in the repeated reference to the ‘responsibilities’ and ‘social obligations’ of benefit claimants, and through a number of its key recommendations on parenting obligations, the provision of advice on managing household budgets, and support for at risk families – that is, families at risk of abuse, family violence or sexual abuse, not at risk from poverty or unemployment (CPAG 2011). The Report envisages that these programmes would render ‘wrap around’ social services for vulnerable families. In their response to the wwg Report (2010), O’Brien *et al.* (2010) criticised the governmental brief underpinning it for its narrow frame of reference, the adoption of a punitive approach to welfare, and its failure to consider the adequacy of current benefit levels. They then summarised the key elements of a Keynesian social democratic welfare state: ‘Social security in New Zealand was

built on five planks: full employment, accessible education, affordable housing, and quality health care and adequate income. Social Security is only one part of that system' (2010, 8). They also criticised the government's individualised approach to unemployment and its failure to recognise how unemployment is linked to fluctuations in the economy.

The comparison between these two assessments of welfare is significant because it illustrates the two competing cultures: one social democratic and one neoliberal. Moreover, O'Brien *et al.* (2010) systematically deconstruct the neoliberal discourse on welfare in several ways. Firstly, they illustrate how the language of welfare changed in New Zealand from 'needs' and 'rights', 'participation' and 'community responsibility', and 'welfare as a means of ensuring basic survival' indicative of the 1970s, to the 1980s and 1990s parlance of 'sufficient assistance' and 'genuine need', 'responsibilities' and 'obligations'. Secondly, they observe how, since the 1980s, there has been a sustained attack on beneficiaries as 'dependents', and a focus on their perceived culture of 'welfare-dependency'.

#### THE UNDERCLASS DISCOURSE

The culture of methodological individualism has strong echoes of the Victorian remoralisation of those defined as poor, particularly in the types of welfare subjectivities generated by recent legislation that makes a clear demarcation between the 'deserving' and 'undeserving' poor. Such discourses have their origins in the English Charities Organisation Society formed in 1869 and in the reforming zeal of its leaders Helena Bosanquet and Octavia Hill. They were concerned by the fact that the 1834 Poor Law Amendment Act in England had created a dependency culture amongst the poor, and they sought to remoralise the poor into the middle-class values of self-sufficiency and the Victorian work ethic. Thus they sought to use the Charities Organisation Society's system of poor relief to discriminate paupers from the deserving poor (Mooney 2006).

The modern version of this Victorian notion of deserving and undeserving poor has developed into a discourse of the problem of what is pejoratively termed the 'underclass'. Though it is argued that the term has no empirical basis (Wynd 2013), it has a discursive basis within neoliberal ideology. In an economic context the term 'underclass' refers to members in the lowest stratum of society below the working class. It is similar to the Marxist term 'lumpen-proletariat'. Gunnar Myrdal (1963) is generally credited as the first person to use the term 'underclass'. However, over the past three decades, it has been used in a pejorative sense by neoliberal politicians, journalists, and social scientists to refer to more than a person's economic position. For instance, the American

academic and Charles Murray (1996) used the term ‘underclass’ to suggest that the poor are behaviourally deficient. Murray argues that the position of the underclass is constituted not by economic factors alone but also by the deviant behaviour of its members, as he makes clear from his definitions of the term: ‘There are many ways to identify the underclass. I will concentrate on three phenomena, that have turned out to be early warning signs in the United States: illegitimacy, violent crime, and drop-out from the labour-force’ (1996, 26).

Murray makes reference to the culture of the underclass when referring to its members’ reliance on welfare. In Murray’s analysis, ‘culture’ is being presented as a set of behavioural traits, and thus he argues that the underclass can be distinguished by a reliance on state benefits, the experience of lone parenting, a tendency to have children out of wedlock, homelessness, and engagement in criminal activity. In a similar vein, John Key has on several occasions adopted an underclass discourse when referring to a solution for poverty, such as in his State of the Nation speeches of 2007 and 2008. In 2011, when conceding that he had failed to keep his 2008 election promise to reduce the number of people in the underclass, he again utilised underclass discourse when referring to the government’s track record on addressing the problems of welfare dependency, drug addiction, and crime (Trevitt, 2011).

By conflating the term ‘underclass’ with terms such as ‘welfare dependency’, ‘crime’, and ‘drug addiction’, Key mobilises support for neoliberal values. At the same time he reinforces Murray’s ideas about a culture of the poor, which suggests that they make a series of lifestyle choices. It is interesting to note how ‘culture’ is constructed in these two neoliberal discourses as sets of desirable and undesirable behavioural traits. One discourse suggests that, in a free market, cultural capital (as utilised by the highly motivated, methodical, individual) can be energised as a source of wealth creation for all, and the other discourse suggests that the culture of the poor is anathema to this potential. These discourses work in tandem to divert attention from the material inequalities generated by neoliberal policies. It is the persistence of this underclass discourse that is perhaps the most telling aspect of the durability of neoliberal ideas.

#### CONCLUSION: NEOLIBERAL RETRENCHMENT AND REMORALISATION

A key aspect of Bennett’s definition of culture is the way it can be reproduced in a series of networks to render the public organisation of target groups as readily perceptible to society’s members as a whole. In this respect, neoliberal



culture has been successful in several ways. It has been utilised to mobilise support for the neoliberal restructuring of the public sector on managerialist lines and socially to construct those who have been labelled as members of an underclass. The negative ways they have been portrayed are readily perceptible to most New Zealanders (Roper 2008; O'Brien *et al.* 2010). This negative representation of the poor has been achieved by approaching the idea of culture on different levels: by inferring the difference between mainstream culture and a deviant sub-culture; by identifying culture as a series of negative behavioural traits; by inverting the concept of habitus to show what the underclass lacks in relation to the working New Zealand citizen; and by presenting members of the underclass in a dualism as the undesirable 'other'. Of course, these attempts are often met with resistance, and such resistance is reflected in examples of public opposition to neoliberal welfare reforms in the form of the Alternative Working Group, Child Poverty Action Group, the groundswell of opposition to the lack of focus on poverty in the Vulnerable Children's Act 2014, and the persistence in New Zealand of the idea of welfare rights as a basic human right (Humpage 2014). Nonetheless, none of these developments has done much to halt the 'drip-feed' effect of thirty years of neoliberal acculturation.

The global financial crisis thus did not mark the end of neoliberalism; if anything neoliberalism has become more entrenched within New Zealand society. This argument is supported by reference to Humpage's (2014) synopsis of the roll-back, roll-out, and roll-over phases of neoliberalism that occurred between 1984 and 2014, and by highlighting the continuities between successive Labour and National governments since 2000. Both parties whilst in government have presided over the shift from a passive to an active welfare subject and the shift from a soft to a hard Work-First regime. Moreover, though Third Way advocates use the term 'stakeholders', and neoliberals 'consumers', the difference is one of emphasis rather than foundational ideology. Both political parties emphasise individual responsibility through market participation, both give primacy to the market and espouse the classic neoliberal principle of methodological individualism, and both endorse the remoralisation discourse. This latter trend is illustrated in the housing, social security, and child welfare legislation that they have introduced, which includes conditions that go way beyond the state's remit in terms of addressing a specific issue like unemployment or child neglect, and seeks to manage the perceived behaviour of those concerned. Here again, Williams's (1989) argument about the middle-class appropriation of culture is relevant because, in laying claim to identifying the 'right' types of cultural capital or in reference to the remoralisation of the poor, neoliberal discourses seek to reinforce a middle-class cultural hegemony throughout society, seeking to define and set parameters on what constitutes

‘acceptable’ behaviour.

It is recognised that neoliberalism within New Zealand has never been a coherent and monolithic political project (Humpage 2014 Larner 2000). For example, punitive and exclusionary policies on vagrancy and excluding the homeless from public spaces coexist with council projects on finding them accommodation and welfare and social services (Laurenson and Collins 2006). Punitive Work-First programmes sit alongside new working tax credit systems for low-income families and the National government’s retention of the Employment Relations Act 2000, which gives some (small) scope for collective bargaining, and there have been some slight increases in the minimum wage (Humpage 2014). Key’s brand of neoliberal culture combines a drive for global free trade (believed to generate a robust domestic economy) and an obsession with reducing welfare dependency, with social justice concerns such as projects for the homeless, the retention of the Employment Relations Act 2000, and the passage of the Gay Marriage Act 2013. However, the question remains as to whether all these factors nullify the material impact of neoliberal policies and fundamentally undermine support for neoliberal values. I would argue that they do not, and I refer to welfare retrenchment, the efforts to remoralise the poor, and the institutionalisation of poverty to illustrate how little has changed. There is nothing new about these discourses. Whether they are drawn from the classic liberalism of the nineteenth century or contemporary neoliberalism, such discourses are always underpinned by strong forms of methodological individualism which serve to legitimate the separation of the deserving and undeserving poor within welfare. They are invoked every time there is a socio-economic crisis and a restructuring of welfare, be it in the 1880s, 1920s, 1990s, or during the global financial crisis of 2008-2011, and the scapegoat is always the same. The only variant is the new twenty-first-century parlance embodied in Third Way discourse and notions of hard welfare regimes. Nonetheless, it is the same methodological individualism underpinning this neoliberal approach, adapted for a new century to neoliberalise twenty-first-century New Zealanders.

#### NOTES

- 1 A Grade One sanction is where the client has had an obligation-failure in the first twelve months and has not recompiled within five working days of the obligation-failure. This results in 50% of the main benefit being suspended. A Grade Two sanction is where the client has had two obligation-failures in the past twelve months and has not recompiled within five working days, which can result in 50% of the main benefit being suspended. A Grade Three sanction is

where the client has had three obligation-failures in the past twelve months and has not recomplied within five working days, and this can result in 50% of the main benefit being cancelled (CPAG 2014).

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